



# Export Newsline

June 9, 2008

*The Latest Trade News, Information and Insights for USMEF Members*

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## SOUTH KOREA

### **South Korean TV Coverage of U.S. Beef Export Situation**

Below are links to two recent South Korean television news stories about the controversy regarding the proposed importation of U.S. beef. Since the clips are not translated, it is difficult to get a full appreciation of the stories. However, the images and the length of the coverage (nearly 9½ minutes for a May 27 piece on KBS [Korean Broadcasting System] Primetime News, and nearly 15½ minutes for a piece on the MBC Primetime News on May 16) indicate the seriousness with which this situation is being treated in South Korea.

The KBS piece covers a candlelight vigil related to the importation of U.S. beef, and how the vigil evolved into a political protest. The story goes on to discuss the postponement of the new rule on the importation of U.S. beef, efforts to pacify livestock farmers, and an estimate from the United States that approximately 50,000 tons of U.S. beef would be exported to South Korea in 2008 after the market reopens.

The MBC piece includes statements by U.S. Secretary of Commerce Carlos Gutierrez that the United States and South Korea have finalized an agreement on beef exports, as well as excerpts from U.S. media in which U.S. public officials criticize the safety of the U.S. food supply in the wake of the Hallmark/Westland recall, coverage of a candlelight vigil, and debate on the issue within the South Korean government.



## CHINA

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### **Hog Update: Official Earthquake Loss Numbers Increased**

China has more than doubled its estimate for hog losses attributable to the Sichuan earthquake, from 1.52 million head to 3.658 million head, including 184,500 sows. Analysts now expect 2008 provincial pork production to drop approximately 9 percent (700,000 metric tons) from 2007 levels, and live hog inventories to decline by 10 million head. Such a loss would equal 1.6 percent of national pork production, and 2.2 percent of national hog inventories.

More details have emerged about specific damage to large meat processing enterprises such as integrator New Hope Group, and Sichuan Gao Jin Food Company, one of China's largest meat processors. Both say that the earthquake has led to major losses and dislocations in production infrastructure, according to an exclusive eFeedLink report on the earthquake's impact on Chinese agriculture. The report states that hog farmers are selling off inventories due to continuing difficulties in transportation infrastructure, contributing to an average drop in Sichuan live hog prices from the pre-quake price of \$110/cwt. to \$96/cwt. The report concludes that the quake should not greatly impact national market dynamics this year, and China Meat Association analysts recently stated that pork production in China is on track to increase by 2 percent to 3 percent for the year. This potential increase, however, would still put Chinese pork production at 5 million metric tons less than the peak production in 2005, at more than 50 million metric tons.

USMEF-Hong Kong and Guangzhou report that Sichuan traditionally supplies boxed frozen pork to South China and Hong Kong. Hong Kong analysts were quoted yesterday estimating that frozen pork supplies from China would decline by 500 metric tons per month due to the quake. Hong Kong has imported a monthly average of 37,000 metric tons of pork from all sources in the first four months of 2008.

In other news, China announced that from next Friday it would scrap export rebates on 36 types of vegetable oil products. The market impact is expected to be largely psychological since the country's 166,000 tons of oil exports last year accounted for a fraction of total consumption. China's soybean imports have surged 115 percent in value, to \$5.8 billion, with a 21.5 percent increase in volume during the Jan-April period this year. Imports from the U.S. totaled \$4.25 billion with the remainder coming from Argentina and Brazil.

## ANIMAL HEALTH

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### **Ten Brazilian States Recover FMD-Free Status**

The World Organization for Animal Health (OIE) has restored 10 Brazilian states and the federal district to the status of an "FMD free zone with vaccination." According to the [OIE Web site](#):

“The Scientific Commission for Animal Diseases evaluated the documentation concerning the control of foot and mouth disease in Brazil following outbreaks of FMD in two zones... The Scientific Commission ... recognized that as from 24 May 2008 zone 1 (the States of Bahia, Espírito Santo, Minas Gerais, Rio de Janeiro, Sergipe, Tocantins) and zone 2 (the States of Distrito Federal, Goiás, Mato Grosso, Paraná, São Paulo) of Brazil have regained their FMD-free status practicing vaccination.”

Five of the states — Minas Gerais, Goiás, Mato Grosso, Paraná and São Paulo — accounted for 44.1 percent of Brazilian hog production in 2007.

Most of the Brazilian states that recovered FMD-free status are in the Center-West region (including Mato Grosso, Brazil's largest beef-producing state) which accounts for 35 percent of Brazil's cattle population, and the South-East region, home to 18 percent of the Brazilian cattle herd. Therefore, more than 50 percent of Brazilian cattle may now be located in FMD-free (with vaccination) regions.

The OIE decision is expected to lead to the lifting of the EU ban on beef imports from the states of Sao Paulo and Parana, but it is not clear at this stage how quickly this will occur. Farms in Sao Paulo and Parana will need to be audited and listed and high cattle prices in Brazil may discourage farmers from participating in the scheme.

After a recent, positive, EU veterinary visit the EU Commission is expected to propose lifting the ban on exports to the EU from Paraguay's FMD-free zones with vaccination.

The OIE also restored Britain and Cypress to "FMD free country without vaccination" status.

The Philippines is still on the OIE list of countries with FMD despite not having an outbreak for the last two years. The archipelago is certified as FMD-free except for Luzon Island and hopes to be completely approved by February, 2009.

## **EGYPT**

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### **Rule Change to Include Canadian and Mexican Cattle Awaits AMS Announcement**

Exporters should be aware that although the Egyptian section of the FSIS [Export Library](#) was updated May 28 to include Canadian and/or Mexican cattle under 30 months of age, until the Agricultural Marketing Service (AMS) announces the change, the existing AMS EV Program for Egypt remains in effect. AMS is expected to announce the change early next week, after which companies can make the necessary changes to their EV programs for Egypt if they choose to do so.

## **RULES AND REGULATIONS**

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### **Automated Export System Final Rule Published**

The Final Rule revising the Automated Export System (AES) has been published in the Federal Register. The changes will take effect in 30 days and be enforced 90 days thereafter (Sept. 30, 2008). Under the revised program, exporters must file their export information electronically a minimum of 24 hours prior to vessel sailing – unless previously approved for “post-departure” filing. The U.S. Customs & Border Protection (CBP) will enforce the new regulations, and penalties will increase to a maximum of \$10,000 per violation – \$10,000 for every failure to file, late filing or filing error.

Richard Preuss and Joe Cortez from the Census Bureau, which runs AES, will conduct a special 90-minute workshop on Thursday, June 12, at 10 a.m. at the Agriculture Transportation Coalition (AgTC) meeting. They will discuss the AES changes in detail and explain how to implement an effective AES program to avoid compliance problems and penalties. This excellent opportunity to learn about the new AES and to ask questions specific to your company's export processes is open to all registered participants at the AgTC meeting. Call 770-350-9899 for details.

Courtney Heller will represent USMEF at the AgTC Meeting and the AES workshop. Please let her know if you have questions or comments by email ([cheller@usmef.org](mailto:cheller@usmef.org)). She also will provide a brief summary of meeting events to members.

## **RUSSIA**

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### **Russia Ends Ban on Canadian Pork Imports**

Russia's ban on imports of Canadian pork ended June 2. The ban was imposed April 1 after claims that imports were being accompanied by “fraudulent export documents.”

The Canadian Food Inspection Agency has since modified its documents' security features.

Exports of Canadian pork to Russia in 2007 were worth \$144.8 million, making it Canada's third-largest pork market, according to the Canadian government.

### **Bilateral Technical Working Group Established**

Russian and USDA officials met on June 5, to discuss the development of a program to pre-notify Russian inspectors of incoming shipments of U.S. beef to help eliminate fraudulent shipments. Both countries agreed to develop a bilateral technical working group to develop a system for short-term electronic data warehousing of export certificates as well as the long-term system requirements for Russia of the United States' Public Health Inspection System scheduled to be implemented in approximately 18 months. The Food Safety & Inspection Service (FSIS) estimates the short-term system will be operational in 90 days.

## **MEXICO**

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### **Exporters: Check Web Site for Accuracy**

Mexico's SENASICA has updated its approved plant list with administrative changes. Members should review the [information](#) online to ensure accuracy. The list is accessible by going to the link and selecting “CARNICOS” and “ESTADOS UNIDOS DE AMERICA” from the two dropdown boxes. The agency has made 51 changes or entries to the eligible plant list. SENSICA also maintains that this list is available to border officials and that these companies can now ship without issue to Mexico.

Members who find their company changes are not listed, or who have any problems or inaccuracies, should contact Courtney Heller at [cheller@usmef.org](mailto:cheller@usmef.org) or at 303-226-7315.

## **NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY**

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### **NIST Standards in Trade Workshop Program Seeks Recommendations**

The National Institute of Standards and Technology (NIST) [invites](#) interested parties to submit recommendations for workshops covering specific sectors and targeted countries or regions of the world where training in the U.S. system of standards development, conformity assessment, and metrology may facilitate trade. Prospective workshops will be scheduled for a 3- to 5-day period.

NIST will offer a limited number of workshops, based upon the availability of resources. Recommenders are encouraged to consider administration priorities outlined in the 2007 National Export Strategy. NIST will consider recommendations based upon which workshops would be most useful to intended audiences. The deadline for recommendations is June 23, 2008.

For more information, contact Courtney Heller at [cheller@usmef.org](mailto:cheller@usmef.org) or at 303-226-7315. USMEF can submit the recommendations on behalf of the industry, or provide technical support if a member prefers to submit the information personally.

## **TRADE SHOWS**

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### **Fine Food Australia**

The Melbourne Exhibition & Convention Centre is the site of the 2008 Fine Food Australia, Sept. 22-25. USMEF plans to feature U.S. pork for further processing and U.S. processed pork. For more information, contact Tammy Connolly at (303) 623-6328 or [tconnolly@usmef.org](mailto:tconnolly@usmef.org).

### **Expo Carnes 2009**

Members interested in exhibiting at Expo Carnes in Monterrey, Mexico, February 25-27, 2009, should contact Tammy Connolly at (303) 623-6328 or [tconnolly@usmef.org](mailto:tconnolly@usmef.org). This is an important trade show attracting buyers from all over Mexico.

### **Americas Food & Beverage Show**

The 11<sup>th</sup> Americas Food & Beverage Show, Sept. 24-26 in Miami is the premier trade show for the food industry in Latin America and the Caribbean. Members wishing to exhibit in the U.S. Meat Pavilion should contact Tammy Connolly at (303) 623-6328.

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The written policies and practices of this organization include the nondiscriminatory bases required by the USDA.